

December 5, 2018

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick)
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Northwest Territories
Registrar of Securities, Yukon Territory
Superintendent of Securities, Nunavut

The Secretary
Ontario Securities Commission
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Fax: 416-593-2318
comment@osc.gov.on.ca

Me Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
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Re: Comments on Proposed National Instrument 52-112 *Non-GAAP and Other Financial Measures Disclosure*

Dear Sir/Madam,

Freehold Royalties Ltd. (“Freehold”) is a dividend-paying corporation incorporated under the laws of the Province of Alberta and trades on the Toronto Stock Exchange under the symbol FRU. Freehold is directly and indirectly involved in the development and production of oil and natural gas, predominantly in western Canada. Our primary focus is acquiring and managing oil and natural gas royalties.

Our comments are regarding one component of the proposed instrument, that being disclosure that would be required in documents other than required filings.

Under the Application heading it states the following:

2.(2) This Instrument applies to any non-GAAP financial measure, segment measure, capital management measure or supplementary financial measure that an issuer discloses in a document and that is intended to be, or reasonably likely to be, made available to the public in the local jurisdiction, whether or not filed under securities legislation, unless the issuer discloses a specific financial measure in accordance with a requirement of securities legislation or the laws of a jurisdiction of Canada.

It is our understanding that the definition of a document is extensive and it includes all information made available to the public including but not limited to Management's Discussion and Analysis (MD&A), press releases, the Annual Information Form, prospectuses, including other written communications in websites or social media.

More specifically our concern surrounds the detailed disclosure requirements of clause 3(d) in all public documents:

- 3.(d) the first time the non-GAAP financial measure appears in the document, the document*
- (i) subject to subsection 4(2), identifies the non-GAAP financial measure as such,*
 - (ii) states that the non-GAAP financial measure does not have a standardized meaning under the financial reporting framework used to prepare the financial statements and may not be comparable to similar financial measures presented by other issuers,*
 - (iii) explains how the non-GAAP financial measure provides useful information to a reasonable person and explains the additional purposes, if any, for which management uses the non-GAAP financial measure,*
 - (iv) subject to subsection 4(3) and section 5, provides a quantitative reconciliation, to the most directly comparable financial measure presented in the primary financial statements, which reconciliation*
 - (A) is disaggregated in such a way that it provides a reasonable person an understanding of the reconciling items,*
 - (B) does not describe a reconciling item as non-recurring, infrequent or unusual when a similar loss or gain is reasonably likely to occur within the next two years or has occurred during the prior two years, and*
 - (C) is explained in such a way that it provides a reasonable person an understanding of each reconciling item, and*
 - (v) explains the reason for a change, if any, in the label, composition or calculation of the non-GAAP financial measure.*

Freehold has no objections to the intent of the above disclosure requirements. However, meeting the requirements of clause 3(d) on all public documents will dramatically increase the size of documents, result in duplication of information and affect understandability. If the information required from clause 3(d) is already disclosed in the issuer's MD&A it is our preference that a simple reference to the Non-GAAP Financial Measures section of the MD&A would concisely handle the concerns that the proposed Instrument is attempting to address. A duplication of information could negatively affect the understanding of messaging provided in these other public documents, such as news releases and investor presentations, when the intended effect is to provide clear, concise and understandable information.

Thank you for your consideration of these concerns and to discuss further, please contact the undersigned.

Yours truly,



Darren Gunderson
Vice-President, Finance and Chief Financial Officer